

AMENDING SECTION 3331, REVISED STATUTES.

MARCH 20, 1896.—Laid on the table and ordered to be printed.

Mr. CONNOLLY, from the Committee on the Judiciary, submitted the following

ADVERSE REPORT:

[To accompany H. R. 1965.]

The Committee on the Judiciary, to whom was referred the bill (H. R. 1965) to amend section 3331 of the Revised Statutes, beg leave to report:

Said section has been in force practically in its present shape since 1868, and it is one of the most important provisions of the internal-revenue law for the regulation and control of distilleries.

There are so many ways in which the law may be violated by distilleries, to the very serious injury of the United States revenue, and these violations are so difficult of detection that any relaxation of the laws so long in force for the prevention or punishment of illicit distilling is believed by your committee to be unwise. Under the law, as it stands, there is very slight probability that any honest distiller will be injuriously affected by it, and there surely should be no relaxation of law to favor dishonest distillers.

Concerning this particular section and the bill to amend it, the Acting Commissioner of Internal Revenue says, in a communication of February 28, 1896:

The object to be attained by the statute * * * was to prevent entirely the release into the hands of claimants of any illicit distillery or apparatus, pending judgment of forfeiture, and also to prevent such release in all cases of small registered distilleries, the cessation of whose operations, pending judicial determination of the question of guilt or innocence, would not work manifest hardship, as in the case of one with so many head of stock depending on its products for feed, as that other food could not readily be substituted.

There may have been an occasional instance of hardship due to nonrelease in the case of a seizure of a registered distillery having no stock, or less than 50 head, which upon trial has been acquitted.

But this office has no knowledge of such instances. No seizure of a registered distillery is authorized, except in a *prima facie* case of fraud and upon consideration of the evidence, which will be relied on to secure condemnation. I do not think the public interest will be subserved by a change in the law as provided.

Under the law, as it stands, no distillery, whether registered or unregistered, when seized for violation of the internal-revenue law, can be released on bond pending the adjudication in court.

Under the change proposed by this bill, any registered distillery seized for violation of the internal-revenue law may be released on bond pending the adjudication.

This would allow a distiller who has been detected in violation of the internal-revenue law, because of which his distillery has been seized, to give a bond and return to his distillery and operate it in direct viola-

tion of law until a judgment forfeiting that very distillery can be obtained, so that his condition after seizure and release on bond would be better than before, because before the seizure a violation of the internal-revenue law would subject him not only to personal punishment, but also to forfeiture of his distillery; but after such seizure and release on bond he would only be subject to personal punishment, but not to forfeiture of the distillery, for the forfeiture would be incurred by his former violation of law, and would only be awaiting the formal adjudication.

The policy of the Internal Revenue Office has always been to drive out of the business of distilling all men who have been detected in operating their distilleries in violation of the laws established for their regulation.

Long experience has demonstrated the wisdom of this policy, and your committee, finding this bill to be, pro tanto, an abandonment of that policy, recommend that it do not pass.